

2010 North Dakota Users Conference

J.P.Morgan

What Matters Today

Continuing Success In A Challenging Climate



Characteristics of Successful Programs

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Best Practices



Best Practice Definition

- A technique, method, process, or activity that is believed to be more effective at delivering a particular outcome than any other technique, method, process, etc.
- *How do you apply best practices to your card program?*

“Best in Class” Programs



Successful programs often share the same characteristics

- Senior Management support and a dedicated champion to manage and promote the program
- Establish realistic program goals and metrics that can be measured
- Integration with broader cost management and financial agenda
- Meaningful restrictions on card access, limits, supplier requirements, etc.
- Strong cardholder training and communication plan
- Advanced administrative and reporting tools
- Solid transaction review, approval and reconciliation processes
- Network with other purchasing professionals to gain insight into their challenges, successes and learning experiences
- Effective communication at all levels of the organization

Growth Strategies



Take control of the breadth and depth of your card programs...

- Include P-card acceptance in preferred vendor selection criteria
- Use Purchasing card to pay invoices received in Accounts Payable
- Integrate Purchasing card into your e-Procurement system as a method of payment
- Acceptance of new card ideas (AP Card, single-use accounts, ghost/vendor cards)
- Spend not limited to off-contract, non-traditional, non-purchase order
- Inclusion of card goals in business owners' compensation plans
- Incorporate commercial cards into business continuity planning
- Mandate T&E card program and PCard usage for P.O.'s under specified threshold
- Review opportunities for further deployment throughout organization

Where are we going?



Questions to Ask Yourself



Be Flexible

- Do you have the authority to approve exceptions?
- Can you manage the audit trail effectively?
- Can you respond to user requests in a timely manner?
- Is your program set up to meet differing department needs?
- Do you feel your programs have maximized their full potential? – If not, what needs to change?

Sell Your Program!



Be Visible

- Attend department head meetings
- Ask to address meetings in individual departments
- Make your program user friendly
- Communicate (within reason!)
- Proactively encourage P-Card use through email campaign
- Think out of the box



Successful case study of a Public Sector Purchasing Card Program



Successes of Company X



Controls

- Training
 - All Cardholders, Responsible Cardholders, Liaisons, Reconcilers, and Approvers must pass PCard Exam with a 100%
 - All Reconcilers and Approvers must also attend a Reconciliation & Approver review training prior to PaymentNet access
 - Trainings are conducted bi-weekly



Controls -Fraud Prevention

- Declines Report
 - Worked daily
- Unusual Activity Reporting
 - Weekly
- Testing Transactions
 - Queries looking for merchant split transactions
- Communications to business partners



Communicate, Communicate, Communicate



Communication

- Establishment of a Main PCard Customer Service Phone Number
- Procurement & Contracting Newsletter
- PCard Quarterly Newsletter
- PCard Advisory Board
 - Quarterly Meetings
 - 20+ members from various department across the business
 - Discuss policies, violations, compliance, etc.
 - Review potential MCC's to consider making available

Providing the right tools to deliver



Communication

- PCard Summer School
 - 221 attendees July 2009
 - Full day of workshops for Liaisons, Reconcilers and Approvers
 - Workshops Included:
 - PCard, Fraudulent Use-Prevention-Detection-Consequence!
 - Contracts & The PCard
 - PCard 101
 - Disputes & Fraud...The Differences
 - Conflict of Interest
 - Program Roles & Responsibilities Review
 - PCard Administration and FSO Compliance
 - Ethics—An Individual Matter
 - Tax, Tax & More Tax

Seeing the big picture prevents unnecessary detours!





Going Green While in a Drought



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**“Headquarters says congratulations on
the success of our Going Green policies.”**

When in a drought...Conserve resources!



- **Current economic climate provides opportunities:**
 - Streamline and Improve Processes
 - Paper Reduction = ***GREEN***
 - Allow Technology To Do the Work
 - Evaluate and Improve Current Program Controls
 - Cost Savings and Rebate Payments

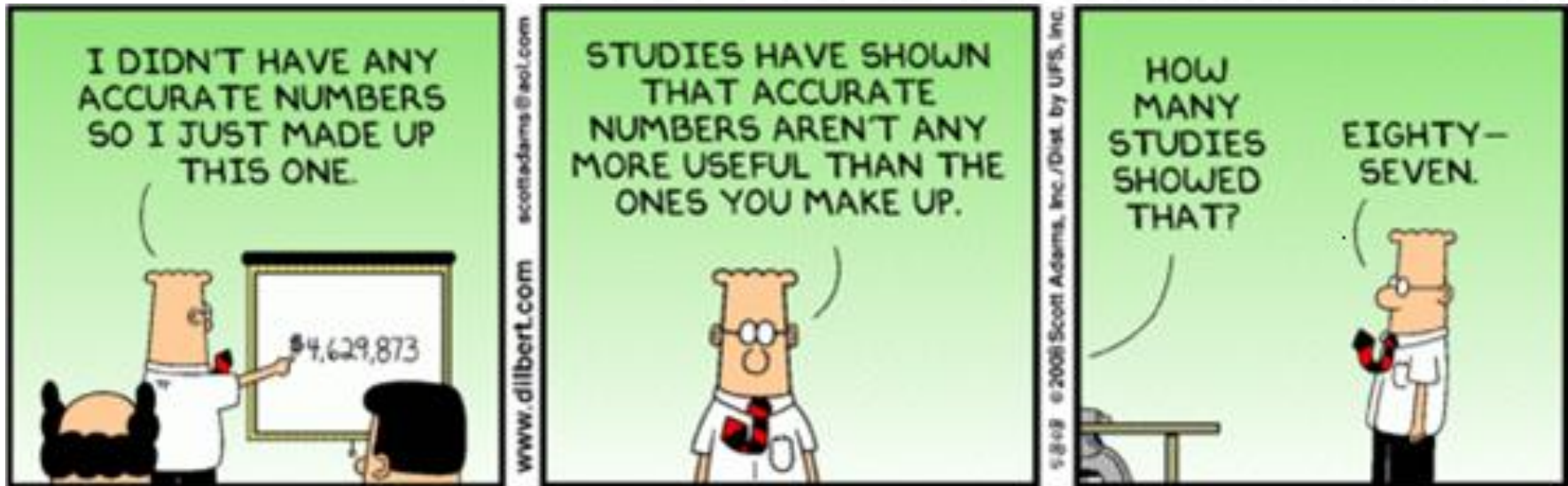


The goal is to turn cost centers into profit centers!

Using Metrics to Drive Results



What matters is...



Using Reliable Data

Using Reliable Data



Data is a valuable tool

- Drive compliance
 - Reviewed/Approved
 - Receipt retention
 - Share rebate with Business Units
- Encourage peaceful and productive internal competition
 - Create and post a company scorecard
- Review declines...are we capturing all possible spend?
- Audit beyond the traditional



Leveraging Technology



Summary

- Controls
- Work flow approval process
 - Generate automated email
 - Review/Approve
- Real time account maintenance
 - Review declines, adjust controls, etc.
- Canned and customizable reporting
- Customizable roles
 - Auditors, approvers, local administrators

PaymentNet4:

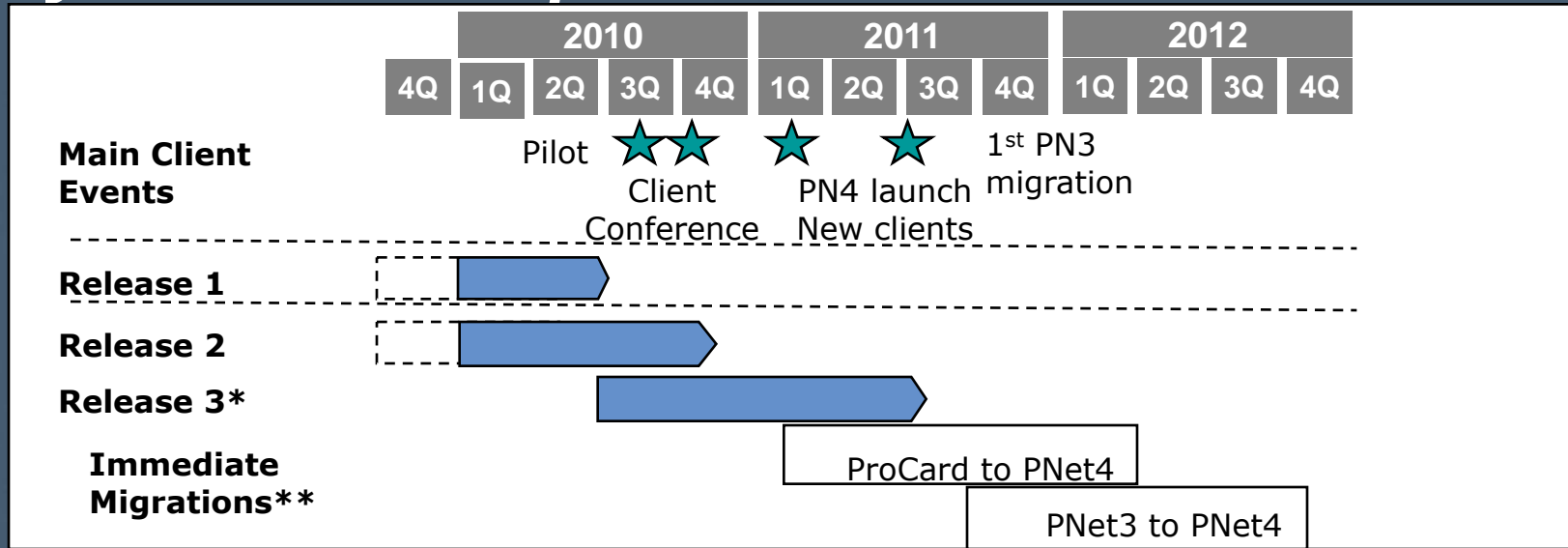
A glimpse into the future!

Coming in 2011



Creating a product that works for you

PaymentNet4 Update



*Additional releases are planned for late 2011 and into 2012

**Clients in PaymentNet3 will be migrated late 2011 through early 2012

What is attractive about PN4? - Architecture has been designed to scale & support faster deployment of future enhancements

"Best of breed" hardware/software"

- Oracle database
- Java code
- Business Objects reporting engine
- IBM & Goldengate data management tools
- Unix operating system

+

Architecture emphasis

- Modularized design
- Streamlined code
- Standardized business logic and coding
- Leverage JPM utilities
 - Statements
 - Authentication
 - E-mail
 - File delivery

Improvements to experience in Release 1

- Improved performance, stability, scalability
 - Faster performing reports
- ZIP/City validation with PaymentNet, rather than processor
- One step creation of account/user assignment
 - View up-to-date status of account creation/modification requests
- Improved login process - Leveraging JPM standards
- Standardization of report and field names for easier review/comparison

New infrastructure is being complemented with incremental innovation activities (UI, VOC, labs)

Future Initiatives/Releases of PaymentNet4

Objectives

UI Redesign

- Redesign PaymentNet User Interface focused on client efficiency and innovation
- Key emphasis on client usage patterns across all roles

Feedback

- Met with approximately 30+ other clients to gather their feedback
- Would like to meet with State of North Dakota to obtain their feedback

Current UI Activities

- Hired agency to build conceptual prototype of our end state vision
 - Conceptual Prototype will focus on common user tasks and new look and feel of future site
- After receiving client feedback, we will be determining how to incorporate changes into future releases, starting with Release 3

Planning

Future Releases

- Increasing bandwidth to 75k hours per release to address client requests
- Improving client communication - focus on Voice of Customer to ensure accuracy of requirements



**There is no better time than now to reach
your potential.**